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From:

Sent: Monday, July 25, 2011 1:00:08 PM

To:

Cc:

Subject: RE: 6707A 30 day letter for approval

The exam team correctly computed the 6707A penalty. For after-listed transactions, like the one here, there's only one reporting obligation and, therefore, only one penalty. To compute the amount of that penalty, add up the decrease in tax from all of the years of participation that should have been reported at the time that the transaction became a listed transaction. Here, that would be the sum of the decrease in tax from and . Note that after-listed transactions are a special case and that, in other situations, you would not sum the decrease in tax from multiple years.

It's our position that there would only be one min and one max applied in your case, but it doesn't matter, since the sum of the decrease in tax from both years is less than the \$100,000 maximum for an individual with a listed transaction.

Hope this helps. Please let me know if you have any questions.